

ASEAN Morning Bytes

All eyes are on the US-China Phase-1 trade deal today with lingering uncertainty likely to keep investors on the sideline in Asian trading



EM Space: Uncertainty about US-China trade deal lingers

- **General Asia:** All eyes are on the US-China Phase-1 trade deal. Adding to the uncertainty is the latest news of the US enforcing China's compliance to the pact until after Presidential election before a rollback of tariffs on Chinese imports. Judging from the overnight market reaction to this news, investors in Asia are likely to stay on the sidelines today to see the deal finally going through. Trade releases from India and Indonesia dominate the Asian data calendar today.
- **Indonesia:** December trade data is due today with moderating export contraction likely to help a sharp narrowing of the trade deficit. The consensus is centred on \$422 million trade deficit, down from \$1.3 billion deficit in November, which together with foreign portfolio inflows should be positive for the IDR. And a stable currency means more scope for Bank Indonesia to ease policy further in a bid to support President Jokowi's investment push.
- **Philippines:** Remittances by overseas Filipino (OF) are expected to show another month of decent gain by 4.6% YoY in November (8.0% in October). Recent tension between the Philippines and Kuwait triggering OF deployment ban may limit remittance growth but overall we expect remittances to post a solid 3% growth rate for 2020 to help offset a renewed widening of the trade gap.

- **Thailand:** The Bank of Thailand's Deputy Governor Mathee Supapongse was the next one on tape yesterday to signal more measures to curb the THB appreciation, following his boss, Governor Veerathai Santiprabhob last week, and then Finance Minister Uttama Savanayana on Monday. The THB is down 1% against the USD since the start of the year, the worst performance in Asia so far. Persistently large current account surplus has blunted all steps to weaken the currency. We are sceptical of new measures succeeding.

What to look out for: China GDP and US retail sales

- India trade (15 January)
- Indonesia trade (15 January)
- Philippines remittances (15 January)
- US PPI inflation (15 January)
- Fed Kaplan speech (16 January)
- US retail sales (16 January)
- Singapore non-oil domestic exports (17 January)
- China retail sales, GDP and industrial production (17 January)
- US industrial production and consumer sentiment (17 January)